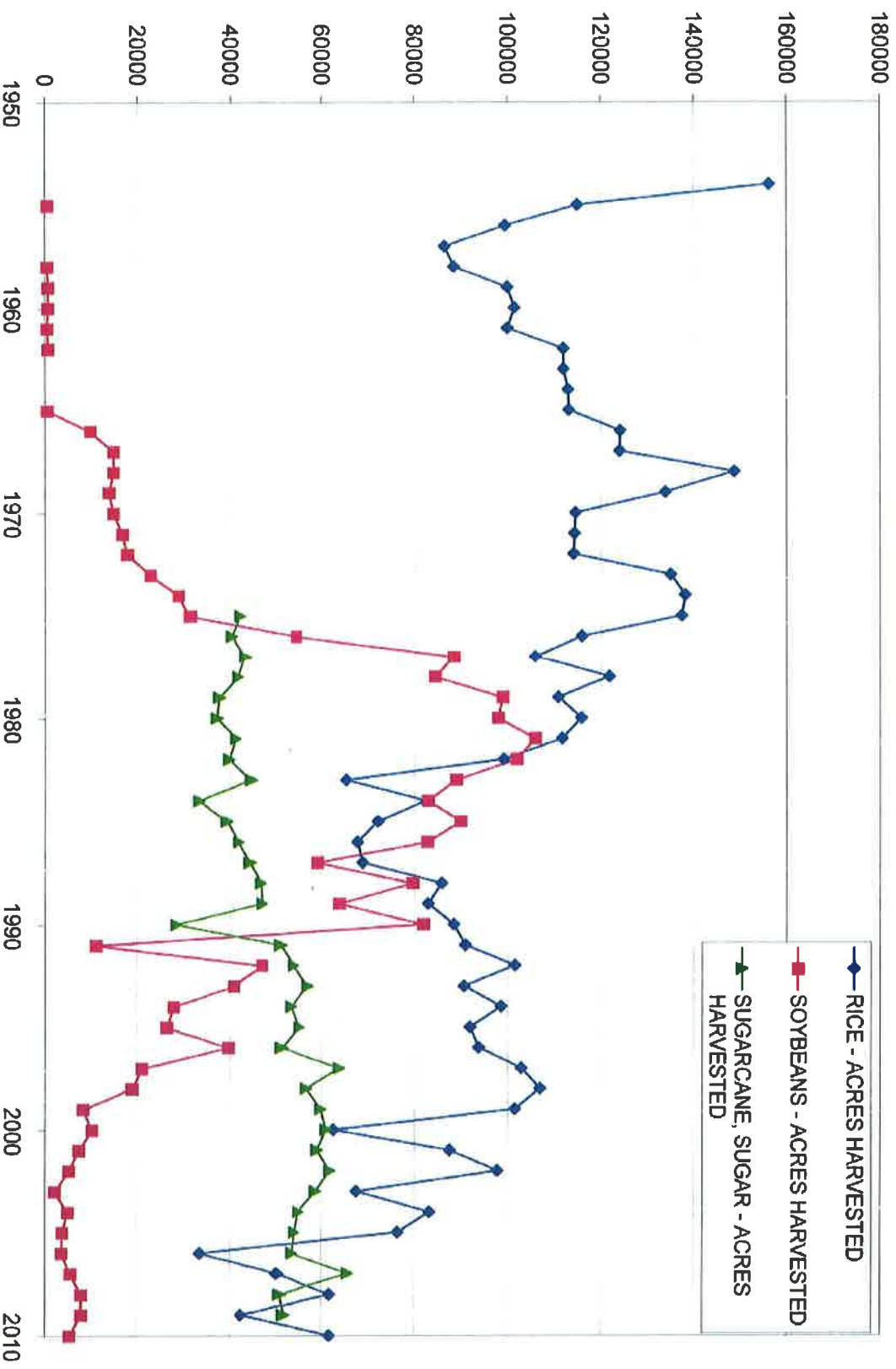

Joint Environment Committee Hearing

AGL Resources New Iberia August 4, 2011

USDA Crop Statistics – Iberia, Lafayette & Vermilion Parishes



Chicot Aquifer Water Rights

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3.4. Water Rights; Chicot Aquifer Withdrawal Restriction. Further without limiting the foregoing, and subject to obtaining any approvals required under Applicable Law, Jefferson Island shall have the right to drill for and extract water as may be necessary, incidental, or desirable for the Permitted Purposes, including, without limitation, injection into the caverns, Brining, Leaching, and/or maintaining or expanding an Existing Cavern or creating, maintaining, or expanding new caverns; provided, however, Jefferson Island shall not withdraw more than three million gallons (3,000,000 US gallons) per calendar day from the Upper Chicot Aquifer, as presently defined by the United States Geological Survey and the Louisiana Geological Survey,

measured as a quarterly average (sum of total gallons withdrawn from all Upper Chicot wells divided by the total number of days in calendar quarter) for use on the Property. Jefferson Island shall maintain written records of such water withdrawn from the Upper Chicot Aquifer, as measured by a meter on each water withdrawal wellhead for each period ending on March 31, June 30, September 30 and December 31 of each year. In the event that Jefferson Island determines that amending or revising the three million gallons (3,000,000 US gallons) per calendar day limitation is necessary, incidental, or desirable, Jefferson Island may propose an alternative or revised volume limitation, either on a permanent or temporary basis, to the State. The Mineral and Energy Board, in its sole discretion, shall determine whether to approve such alternative limitation.



Dredging at Lake Peigneur Complete

No water quality problems have been reported

Recent dredging work at Lake Peigneur has been completed with no apparent negative effects to the water quality.

Richard Hyde, spokesman for AGL Resources, which owns two salt caverns beneath the lake, said the dredging was necessary to clean out old channels, as well as prepare for mechanical integrity tests on wells at the salt mine.

Those tests are expected to start next week, Hyde said.

During the dredging, Hyde said workers tested the water quality both in the area of the work and in other parts of the lake, and found no major differences in the two areas.

"Where we were dredging was always in the same range as the lake," Hyde said. "Everything went well."

Resident Nara Crowley, who lives near the lake, said some in the area had been concerned about the work because of problems with previous dredging operations, but so far, have been happy with the most recent results.

"I have to say that no one has complained that there is any kind of after-effect from the dredging," Crowley said. "We think the method they used was better than in the past."

Crowley also said that mysterious bubbling episodes that have occurred at the lake within the past couple of years appear to have subsided. Several tests have been done, but the cause of the bubbling has never been definitively determined.

Recon Research Economic Analysis

In reference to the economic need as projected by Jefferson Island Storage & Hub, Recon Research Corporation completed an economic analysis in 2009, entitled the Economic Analysis of the Gulf Coast Gas Storage Market, where they indicate: *"The low price differentials will lower the intrinsic value of storage, decreasing the market prices for storage that Henry Gas Storage would be able to obtain. HGS would be competing with many other gas storage providers in the Gulf region, with enough total working capacity to meet projected storage demand. A large amount of the new storage capacity being planned for that area will come in service prior to Henry Gas, and so will have a chance to lock in storage contracts before HGS even becomes operational. Consequently, there is a higher probability of low profitability."*